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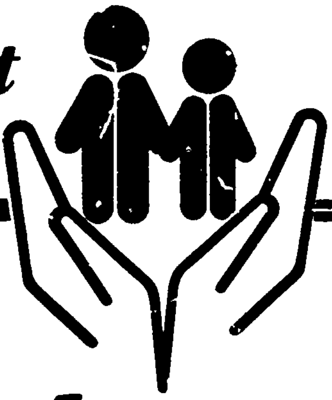
ABSTRACT

This document outlines the basic federal, state, and local financing structure for child support programs. The main components of program financing are discussed, including: (1) the federal government currently pays 68 percent of state and local costs of program administration and rewards states and localities based on their collections and cost effectiveness; (2) child support enforcement can increase state revenues by offsetting welfare costs since child support can remove children from poverty and reduce Aid to Families with Dependent Children (AFDC) growth rates and parent's health insurance can save Medicaid funds; and (3) federal incentive money and the state share of collections on behalf of AFDC recipients can be used as the state chooses. Highlighted are creative state initiatives that incorporate performance-based models into the administration and financing of state programs for child support enforcement. Known enforcement tools and management techniques which can increase effectiveness and efficiency are discussed, including placing greater emphasis on the establishment of paternity, assuring adequate levels of child support through review and modification of child support orders, and providing automatic income withholding from an absent parent's paycheck. Case studies provide examples of successful state initiatives. The report concludes that child support is no longer solely considered to be a "welfare" program; it is a socially beneficial program that can be implemented at minimal state cost. (ABL)

State Budget Implications:



Child Support Enforcement

2

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STATE BUDGET IMPLICATIONS: CHILD SUPPORT ENFORCEMENT

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TABLE OF CONTENTS

7

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EXECUTIVE SUMMARY

An effective state program for the enforcement of child support can increase state revenue and reduce state expenditures for social welfare programs. In 1987 national collections of child support due reached almost $4 billion, with an average of $3.68 collected for every dollar spent on program administration.

Although the child support program is generally attached to the social welfare or human services agency, legislators increasingly treat child support in the same fashion as other state revenue collection agencies. The state share of support collections on behalf of Aid to Families with Dependent Children (AFDC) recipients amounted to $478 million in 1987 and federally-funded incentive payments for support enforcement program performance added another $185 million, or a total revenue to the states of $663 million in a single fiscal year. Moreover, the collection of child support can constrain or reduce spending for AFDC, Medicaid, foster care and other social welfare programs.

The Child Support Enforcement Project of the National Conference of State Legislatures has prepared this paper to assist state lawmakers and their staffs in improving child support programs. This document outlines the basic federal, state and local financing structure for child support programs. The program's fiscal potential, a potential which far exceeds the $4 billion collected, has led an increasing number of lawmakers to evaluate state programs to maximize effectiveness and efficiency. The main components of program financing are these:

- The federal government currently pays 68 percent of state and local costs of program administration.
- The federal government also rewards states and localities based on their collections and cost effectiveness.
- Child support enforcement can increase state revenues by offsetting welfare costs. Sufficient child support can remove children from poverty and reduce AFDC growth rates. Tapping into the parent's health insurance coverage can save Medicaid funds.
- Federal incentive money and the state share of collections on behalf of AFDC recipients can be used in any way the state chooses. Some states, for example, have improved children's programs or started welfare reform projects.

Highlighted are creative state initiatives that incorporate performance-based models into the administration and financing of state programs for child support enforcement. The program financing structure can reward performance and be tied to objective goals. And it may be sound policy to invest state funds in program improvements to facilitate increasing fiscal benefits later.

Known enforcement tools and management techniques can increase effectiveness and efficiency. Several means to raise collections and help reduce child poverty are discussed. These include:

- Greater emphasis on the establishment of paternity by applying modern scientific testing and expeditious decision-making procedures.

- Assuring adequate levels of child support through the adoption of guidelines, and periodic review and modification of child support orders.

- Provisions for automatic income withholding by which employers deduct child support directly from an absent parent's paycheck.

Case studies provide detailed examples of several successful state initiatives.

Child support enforcement is a complex system dependent upon continuing cooperation among executive agencies, the courts, and law enforcement agencies. While states administer the child support program differently within a common framework, lawmakers can perform two broad functions that serve to improve program performance and strengthen accountability. One is enacting necessary legislation. The other is continuing program evaluation and fiscal oversight. Not only is child support a revenue generating program that can be implemented at minimal state cost, but it is a socially valuable one that promotes family responsibility and financial self-sufficiency.

I. INTRODUCTION

Unlike other social programs, an effective state program for child support enforcement can increase a state's revenue generating capacity and reduce the growth of state expenditures for welfare. In 1987, child support collections reached almost $4 billion nationally, with an average of $3.68 collected for every dollar spent by states on program administration. Since the federal government bears the majority of administrative costs, states have been able to realize significant financial benefits from enforcement efforts. For this reason, state lawmakers are taking an increasingly aggressive approach to improving enforcement.

The Child Support Enforcement Project of the National Conference of State Legislatures has prepared this paper to help state lawmakers and their staffs improve child support enforcement programs. This report outlines the basic federal-state financing structure and discusses methods lawmakers can use to increase state child support revenues. It highlights the importance of legislative oversight to effective program administration. And it provides specific state examples to illustrate how states have used creative financing to offset program costs, reward performance, and increase state income.

II. BACKGROUND

The Child Support Enforcement (CSE) program, established in 1975 as Title IV-D of the Social Security Act, was designed to strengthen families and reduce welfare spending by placing the burden of support on the parent. The overwhelming majority of children are eligible for welfare solely due to the absence of a parent as a result of out-of-wedlock birth, divorce, desertion, or separation.

All parents with custody of their minor children who need or are owed child support can get help from their child support enforcement agency. Families receiving assistance under Aid to Families with Dependent Children (AFDC) receive support enforcement services automatically. For these families, payments collected go toward reimbursing the state and federal government for assistance payments made to them. The family, however, receives up to the first $50 of any current support collected each month in addition to the assistance payment. If support payments and family income become high enough, the family is able to leave the welfare rolls altogether. Non-welfare families can apply for services and may be required to pay an application fee. Child support payments collected for non-welfare applicants go directly to the family.

Although the federal program is administered by the Department of Health and Human Services, Office of Child Support Enforcement (OCSE), the responsibility for basic enforcement rests with the states. States receive significant federal matching funds for administration and additional incentive monies based on performance.

Generally, the state child support (IV-D) agency is housed within the executive branch agency responsible for administering welfare and social services. The program may be administered at the state level, local level, or a combination of the two.

Child support enforcement typically involves local entities including the courts. Frequently, states enter into cooperative agreements for certain enforcement services with prosecuting attorneys, other law enforcement agencies, and officials of family or domestic relations courts.

State programs are operated according to state laws and procedures under broad legal and administrative guidelines established by the federal government. Most notably, the Child Support Enforcement Amendments of 1984 mandated certain enforcement techniques that a number of states had pioneered and proven effective, including wage withholding, expedited legal processes, and state income tax refund offsets. The federal amendments also increased performance-based financial incentives and directed states to strengthen enforcement services to non-welfare recipients and to interstate cases.

III. FINANCING THE PROGRAM

Eligibility

An effective child support program locates absent parents, determines paternity of children born out of wedlock, and establishes and enforces support orders.

Clients enter the child support system either voluntarily or involuntarily. AFDC recipients must assign their support rights to the welfare agency and cooperate with child support enforcement efforts as a condition of receiving public assistance.

Non-AFDC clients may voluntarily apply for services with the state or local child support enforcement agency. When a collection is made on behalf of non-AFDC clients, the support is passed on directly to the family. The state, however, still receives substantial federal reimbursement for the costs of establishing and enforcing these cases.

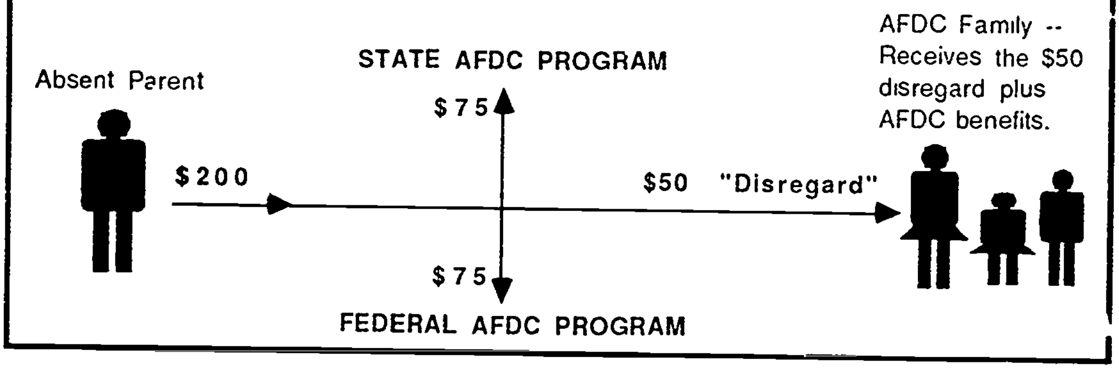
Depending on state law, parents may also be ordered by the court to make and receive payments directly or through a court registry or state child support clearinghouse without any formal application to the enforcement agency. When this happens, the money collected--since it is outside the Title IV-D system--cannot be counted for purposes of federal reimbursements.

AFDC Program Reimbursement

Child support enforcement can increase state revenues by offsetting AFDC costs and reducing welfare dependency of children due parental support. Federal, state, and (in ten states) local governments share welfare costs, at a rate dependent on state per capita income. Collections for welfare recipients are divided accordingly. In most large states, the federal AFDC share is 50 percent, although it may be as high as 79 percent. When a state collects support on behalf of an AFDC family, the state must return at least 50 percent of that collection to the federal government. The remainder represents the nonfederal share of the collection, which may revert entirely to the state or be divided between state and local government.

Table 1 illustrates the distribution of AFDC collections. The so-called "$50 disregard" provision is intended to stimulate cooperation from welfare recipients.

TABLE 1: DISTRIBUTION OF AFDC COLLECTIONS



Federal Financial Participation

Administrative Costs

The federal government pays the majority of the costs of operating child support enforcement programs. Currently, the federal government pays a set federal financial participation (FFP) rate of 68 percent of state and local administrative costs for services to both AFDC and non-AFDC families. Table 2 illustrates the sharing of administrative expenditures; in some states, the 32 percent non-federal matching contribution for local program operations is financed by local rather than state funds.

TABLE 2: FINANCING PROGRAM EXPENDITURES
based on a 68% Federal Financial Participation (FFP)

Total Expenditures	Federal Share	Non-Federal Share
$100	$68	$32

To encourage a more performance-based financing structure, Congress has gradually decreased the FFP rate for administration. Under the 1984 Child Support Enforcement Amendments, the FFP rate will become 66 percent effective October 1, 1989.

Automated Systems

States can also receive a 90 percent federal match for the costs of developing statewide automated child support systems. Such systems increase the program's effectiveness and efficiency. The federal government's share of operational costs of such systems is 68 percent. (See page 18 for more information.)

Performance Incentives

In addition to federal reimbursement for administrative costs and automation of enforcement programs, states also receive federal incentive payments. Simply put, the more child support a state collects, the greater is its federal return. Through the federal performance-based incentive structure, state and local governments are encouraged to operate programs that are cost effective. Federal incentive payments vary according to two factors: (1) the ratio of the state's child support collections to its total child support expenditures; and (2) the amount of child support collected.

As the "cost effectiveness ratio" improves, the percentage of federal incentive payments to the state increases. States receive incentives that range from six to 10 percent of both AFDC and non-AFDC collections. Federal incentive payments for AFDC and non-AFDC collections are interrelated but computed separately to assure equity in enforcement efforts. The relationship between the state's "cost effective ratio" and its percentage return of federal performance incentives is demonstrated in Table 3.

TABLE 3
INCENTIVE STRUCTURE

Collection to Cost Ratio	Incentive Received
Less than 1.4 to 1	6.0%
at least 1.4 to 1	6.5%
at least 1.6 to 1	7.5%
at least 1.8 to 1	7.0%
at least 2.0 to 1	8.0%
at least 2.2 to 1	8.5%
at least 2.4 to 1	9.0%
at least 2.6 to 1	9.5%
at least 2.8 to 1	10.0%

Lawmakers and legislative fiscal officers should be aware of simple, but allowable methods to make the most of federal incentive payments. Most importantly, in an interstate case, both the initiating and the responding state can take credit for any child support collected. For incentive calculation purposes only, this increases the amount of a state's child support collections during any given fiscal year. In addition, at the option of the state, laboratory blood tests for determining paternity may be excluded from a state's total administrative costs. This can improve the state's cost effectiveness ratio and thereby increase incentive payments. (At the same time, paternity costs can also be included in administrative costs for purposes of calculating the FFP reimbursement, currently set at 68 percent.)

Calculating AFDC Incentives

To determine the federal AFDC incentive payment, AFDC collections are divided by total program costs to determine the state's collection-to-cost ratio. The corresponding incentive percentage from the right hand column in Table 3 is then multiplied by the state's AFDC collections (adjusted for the double crediting of interstate collections) to determine the incentive payment.

> Example #1: Assume that an AFDC collection totals $200 with costs of collection at $100. The collection-to-cost ratio is two to one, resulting in an 8 percent incentive payment. The AFDC incentive totals $16 or 8 percent of $200.

Appendices C and D display the AFDC collection-to-cost ratios of the 54 states and jurisdictions. These ratios are not adjusted for blood testing costs, nor the double crediting of interstate collections.

Calculating Non-AFDC Incentives

Federal incentive payments for non-AFDC collections are currently capped at 105 percent of the federal incentive payment for AFDC. This cap assures that states provide equitable treatment for both AFDC and non-AFDC clientele. Thus, an increase in AFDC program performance leads to higher AFDC-based incentive payments and, depending on the state's circumstances, also raises the non-AFDC based incentives.

17

To calculate non-AFDC incentives, non-AFDC collections are divided by total program costs (after adjustment for laboratory blood testing costs) to determine the collection-to-cost ratio. The corresponding percentage from the right hand column in Table 3 is then multiplied by the state's non-AFDC collections (adjusted for double crediting of interstate collections). However, if the amount is greater than 105 percent of the state's AFDC incentive payment, the non-AFDC incentive will be reduced to the capped level.

> Example #2: In the same state as in Example #1 non-AFDC collections are $300. The non-AFDC collection-to-cost ratio is calculated as three to one ($300/100). The corresponding incentive payment would be 10 percent from Table 3 of $300 or $30 without the non-AFDC incentive cap. With the cap, however, non-AFDC incentives are reduced to $16.80 (105 percent of $16).

By federal law, the non-AFDC incentive cap is scheduled to increase to 110 percent on October 1, 1988, and to 115 percent on October 1, 1989, and thereafter.

Inter- and Intra-governmental Financing and Coordination

Federally approved child support practices must be operational in all political subdivisions of the state. While most programs are administered by state government, at least ten states, including *California*, *New York*, and *Ohio* are state supervised but county administered programs. There are also states like North Carolina, in which some county programs are state administered and other county programs are locally administered.

Intrastate financing arrangements can be equally complex. In ten states, the non-federal share of Aid to Families with Dependent Children (AFDC) expenses is a combination of state and local funds; the proportions vary significantly among the states. Child support collections on behalf of AFDC recipients are allocated in a similar manner. County governments may furnish the 32 percent non-federal matching share of the administrative costs of child support enforcement in their jurisdiction. Under federal law, any political subdivision that participates in the cost of carrying out Title IV-D support enforcement activities is entitled to an appropriate share of federal incentive payments made to the state.

Lawmakers and legislative fiscal officers should be aware of the flexibility available in "passing through" federal incentive payments. The state must follow a standard methodology developed with some opportunity for local input. The methodology for pass through has to take into account the effectiveness and efficiency of support enforcement activities. And, to encourage better performance, the state may pay federally funded incentives to political subdivisions that administer the program, but do not share in program costs.

In general, states have devised pass through methodologies that parallel the federal calculations described earlier. This is acceptable, but not required. Like *California*, a few states pay additional incentives above the federally funded incentive payments to local jurisdictions, based on cost effectiveness and overall program performance. Such payments could be tied to collections, numbers of paternities established, absent parents located, or some combination of support enforcement output or performance indicators.

Performance-related financing is a reflection of the fact that, regardless of state administrative structure, a successful child support program requires constant communication among multiple government entities. Typically, the state support enforcement agency is located in the human services or welfare department, which also houses the state's AFDC program. Through cooperative agreements or contracts, functions like locating parents and establishing paternity are accomplished through district attorneys' offices, probation departments, county clerks' offices, and courts.

Delaware, *New Jersey*, and *Pennsylvania* are among the states that have cooperative agreements between the child support unit and local courts. The current court system's administrative expenditures related to child support are actually included in the state's totals for administrative costs. Consequently, court personnel (excluding judges) are eligible to receive 68 percent federal reimbursement for time spent on child support cases. In *Pennsylvania* the state agency offers incentives above the federal rate to the county courts as an inducement to increase collections.

Agencies such as the Department of Motor Vehicles and Department of Revenue are vital in the location of absent parents and the interception of tax refunds. *Oregon's* program is fully automated and can perform routine computer tape matches with the Department of Employment to verify the employment of absent parents and monitor changes in employers.

Fees and Cost Recovery

In addition to substantial federal reimbursement, states may use a variety of fee options and cost recovery to help finance the child support program. Such fees and costs recovered for non-AFDC cases must be subtracted from the state's total administrative costs prior to federal reimbursement; however, the lower administrative cost figure may result in greater federal incentive payments by improving the state's collection-to-cost ratio.

Application Fees

Federal law specifies that state child support enforcement units must charge an application fee to the non-AFDC custodial parent, not to exceed $25. Many states charge a smaller fee or pay the fee themselves to encourage increased use of the service.

Late Payment Fees

Late payment charges or interest to the obligated parent in both AFDC and non-AFDC cases are also allowed under federal law. Such charges range from three to six percent of the past due obligation. Again, these fees must be deducted from program expenditures before claiming federal funding.

Cost Recovery

In addition to charging application and late fees, federal law allows states to charge fees to recover the actual cost of services to non-AFDC clients. These include costs incurred in locating absent parents, establishing paternity, and enforcing and collecting child support. Itemized costs may be billed to either the custodial or non-custodial parent, at state option.

Other fees are also allowed by law for handling location-only requests and for tracking and monitoring support payments. Thus, several state agencies charge user fees for child support payment processing services, such as registering and tracking payments through the court clerk or agency. For example, Wayne County, *Michigan*, charges absent parents for use of the central payment registry. The fee reimburses the state contractor, a private bank that processes payments, and helps pay for the computer tracking system.

The broad-based application of fees and cost recovery requires thoughtful assessment by state legislators and fiscal officers. While child support agencies are directed to petition the court to require the non-custodial parent to pay any court costs and fees, securing an award and collecting on it is by no means assured. Consequently, several states attempt to recoup costs in non-AFDC cases by deducting their costs from the actual child support payment before distributing it to the custodial parent. While permitted by federal law, this practice can serve to perpetuate welfare dependency and has been criticized in some quarters as unfair to children.

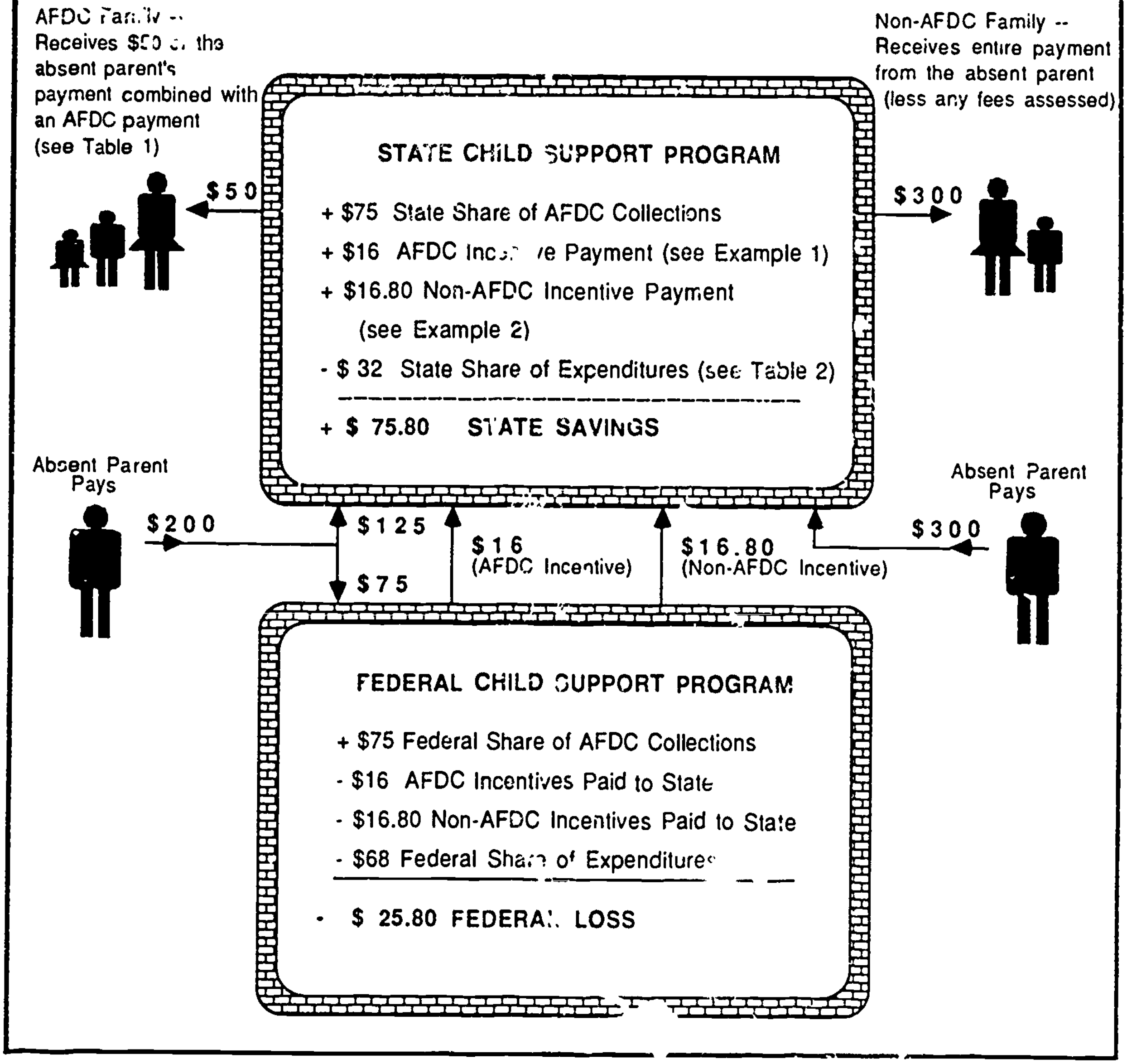
Several states, including *Iowa*, have opted to require only a small application fee (e.g. $5) and forego cost recovery to ensure that families receive maximum support and to encourage participation in the program. On the other hand, *North Carolina* has a demonstration effort to recover costs for administrative and legal services by deducting 10 percent from child support collections but only from those non-AFDC clients whose household income exceeds 200 percent of the federal poverty standard.

Determining Total State Savings

States can save money on child support enforcement through effective and efficient operations. In the broad context and without differentiating between state and local government, direct state savings are determined by adding the state's share of AFDC collections to the state's AFDC and non-AFDC incentive payments. The state's share of administrative costs is then subtracted from these revenues. Table 4 illustrates the calculation of total state program savings using the costs and incentives determined in Tables 1 and 2, and Examples #1 and #2.

TABLE 4

CALCULATING STATE PROGRAM SAVINGS



To these direct savings one must also add the "cost avoidance value" of child support enforcement--that is, AFDC, food stamps, Medicaid, and other social welfare program costs reduced or avoided because child support was successfully collected. Cost avoidance is especially relevant to the non-AFDC component of the child support program. A recent national study, funded by OCSE, values AFDC, food stamp and Medicaid cost avoidance at $1.5 to 2.0

billion annually. Individual states can apply the study methodology, but state calculations must take into account the state's own AFDC and Medicaid eligibility requirements and benefit provisions.

Federal Audit and Penalties

The federal Office of Child Support Enforcement audits each state at least once every three years. These audits focus on performance and compliance with federal requirements. If the audit determines that a state is not in substantial compliance, the state may be penalized by reductions from 1 to 5 percent in AFDC federal funding. If the state presents an acceptable plan for accomplishing corrective action within no more than a year, the Secretary of Health and Human Services may suspend imposition of the penalty pending completion of the corrective action period and a follow-up audit.

IV. OFFSETTING EXPENDITURES THROUGH CHILD SUPPORT ENFORCEMENT

Enforcing child support can reduce other expenditures for social welfare programs. In addition to long-term savings associated with enabling families to become self-sufficient, an effective program can directly reduce state expenditures in the following programs.

Reducing the Rate of AFDC Program Growth

Child support enforcement can directly reduce or offset AFDC payments by preventing families from entering the welfare system. The AFDC program was established to provide support for needy children whose fathers had died. Today, most children receiving AFDC are eligible because a living parent is absent and does not provide adequate support. In short, the devastating poverty experienced by nearly 90 percent of these children can be attributed increasingly to parental failure to pay child support.

Legislators are realizing that strengthening the child support enforcement program can reduce the growth of state welfare expenditures. Payments by absent parents for child support reduce AFDC expenditures by:

- o Preventing families from entering the state welfare system--cost avoidance;
- o Removing families from welfare rolls when the amount collected is sufficient;
- o Partially offsetting state AFDC payments for families whose monthly child support is insufficient to remove them from welfare.

The key to each of these strategies is to collect as much child support as possible. *New Jersey* provides one example of an effective strategy to expand collections of child support.

Several *New Jersey* counties recently conducted pilot projects to determine the adequacy of existing child support awards for AFDC families. Orders were modified to reflect the parent's current ability to pay, which resulted in an annual increase in child support obligations for many cases. Preliminary studies show that the project has been successful by collecting enough parental support to remove 26 percent of the existing cases from AFDC.

Medicaid Program

Effective provisions for child support enforcement for medical support can reduce the $41 billion Medicaid program through the following methods: 1) ordering the absent parent to provide private insurance coverage for his or her children; 2) recovering or preventing the need for Medicaid payments by seeking reimbursement from private health insurers in cases where the absent parent has coverage, or where coverage is available.

Federal regulations require the child support agency to petition the court to include medical coverage in the order, if it is readily available at reasonable cost from the absent parent's employer. However, the U.S. Census Bureau reports that only 45 percent of custodial parents with child support orders have health insurance included in the order.

Medical support may be hampered by state insurance practices that prevent or discourage parents from acquiring insurance for children who do not live with them. Consequently, an increasing number of states are considering legislation to ease the non-custodial parent's ability to purchase such health insurance. In addition, some states, including *Minnesota*, have enacted legislation to allow the parent or the state agency to collect delinquent insurance payments or to seek reimbursement for Medicaid costs for children who should have been covered by private insurance policies.

Foster Care Program

Federal regulations also require states to seek child support from parents of AFDC children in foster care. Like the AFDC program, the foster care program is supplemented with federal funds. States can include AFDC foster care fees recovered through child support collections in totals calculated for incentive purposes. Several states have begun aggressively to recover foster care costs. In *Colorado*, for example, the foster care program specifies that all the enforcement methods available to child support enforcement, including income withholding, tax refund intercepts, and parent locator services, be used to collect AFDC and non-AFDC foster care costs from absent parents.

V. METHODS TO INCREASE COLLECTIONS

Lawmakers should explore several ways to increase child support collections and improve the child support system. First, stringent enforcement efforts are necessary to reduce the gap between the amount of child support ordered by the court or administrative agency and the total actually collected. Second, while strong enforcement is essential, it is also important to ensure that the courts or administrative agencies order adequate awards.

Program Staffing and Organizational Design

State child support programs require appropriate staffing, allocation of resources, and organizational design. Many states have evaluated personnel patterns in their jurisdictions to determine optimal staffing levels, observing a positive correlation between staffing levels and collections. While many organizational factors contribute to the success of a state's program, adequate staffing is crucial. Caseworkers must have manageable caseloads in order to be able to locate the absent parent's employer, verify income, and issue income withholding notices. (See Appendices F H for state staffing comparisons.)

In *Maryland*, *Missouri*, and *Utah*, the state legislatures have allocated additional staff to the IV-D program in an effort to increase collections. With the introduction of new enforcement technologies, states also have the opportunity to reallocate existing staff and increase productivity. For example, after *Oregon* implemented a statewide automated collection system that performs many clerical and parent locator functions, clerical staff were retrained to deal with enforcement and client intake. With more routine tasks performed automatically, the system allows a higher caseload per employee while freeing employees' time for more difficult AFDC cases such as establishing paternity and locating absent parents.

Missouri provides an example of effective staff reallocation. In 1981, the *Missouri* legislature enacted an administrative process giving more authority to the state child support agency to establish and enforce orders. Existing child support legal staff assumed many of the enforcement duties that had been previously contracted to other government agencies. The legislature determined that child support staff time spent preparing paperwork for prosecuting attorneys could just as easily be spent establishing and enforcing administrative orders. In addition, child support staff were able to effectively manage higher caseloads. Overall, improved performance led to dramatically increased revenues. Between 1980 and 1982, *Missouri* experienced a 350 percent increase in its share of state savings, while its share of administrative costs increased by only 20 percent.

Automated Systems

Automation can greatly improve a state's effectiveness in child support enforcement. Currently, the federal government pays 90 percent of the costs for development of comprehensive statewide child support automated systems and 68 percent of the cost of ongoing operations. Automated systems allow states to track and monitor payments effectively. *Oregon*, and Wayne County, *Michigan*, have implemented comprehensive central registries that bill parents and also receive and disburse all payments. These systems maintain all case files and calculate all past due support, resulting in a single accurate record available for courts and enforcement agencies. This is one area in which private-sector business methods have been successfully applied to a public endeavor. Automated systems' accounting functions can be contracted to banks or other private groups with similar financial record-keeping and billing expertise.

Iowa is currently developing a centralized tracking system. The 10 percent state share for development was partially financed with state lottery revenue earmarked for economic development. Once on-line, the statewide computerized central registry is expected to increase the efficiency of child support collections dramatically. The system is designed to track collections and calculate past-due support for all cases.

Establishing Paternity

Establishing paternity is crucial to the success of state child support programs. In the past 25 years, a dramatic increase in the number of out-of-wedlock births has occurred, posing real economic problems for states, as a large and steadily growing proportion of the welfare caseload involves children born out of wedlock. AFDC costs are more than $14 billion annually, in significant measure because child support obligations cannot be legally established or collected for lack of paternity establishment.

Once alleged fathers are identified and located, the vast majority voluntarily acknowledge paternity. In some cases, extensive genetic testing can be required before a determination of parentage is made. It is much more common, however, for cases to require simple and less expensive blood tests. In addition, many states have adopted legislation that simplifies the judicial paternity establishment process by allowing a presumption of paternity based on blood tests and admission of tests without an expert's appearance. *Alaska*, *Oklahoma*, and *Texas* are among the states with effective paternity legislation.

In addition, a growing number of states are allocating additional staff resources to establish paternity. The *Washington* legislature recently directed the Department of Social and Health Services to augment its present paternity establishment efforts by hiring or contracting with additional attorneys.

Income Withholding

As mandated by federal law, most states direct employers to deduct the child support obligation and any past-due support from an employee's paycheck after a full month's delinquency. Depending on the number of income withholding cases, this technique can dramatically improve regular compliance with orders.

Several states have adopted a more aggressive approach permitted by current federal law. By statute, *Arizona*, *Massachusetts*, *Ohio*, *Texas*, and *Wisconsin* provide for automatic income withholding at the onset of the child support order, rather than waiting till payments are past due. This technique, which is part of welfare reform legislation pending in Congress, ensures immediate compliance with the order, thereby preventing families from the need to seek welfare or government enforcement services.

Child Support Guidelines

Average levels of child support actually paid represent only a fraction of the amount needed, according to reasonable standards of adequacy. In 1985, national child support payments totaled $7.2 billion. However, according to one estimate, that total could have reached $27.5 billion if non-custodial parents had paid sums that were set according to the actual needs of children and according to the absent parent's ability to pay. [1]

Federal law and regulations require states to develop numeric guidelines to address these deficiencies in setting child support awards. State legislatures may statutorily adopt such guidelines to determine the portion of parental income that should go toward child support. Federal law does not require judges to use guidelines in setting support awards. Several states, such as *Colorado*, *Hawaii*, *New Jersey*, and *Texas*, have mandated their use in determining the amount of support, unless the court findings justify a deviation. This "rebuttable presumption" approach is currently under consideration by the Congress for all states as part of welfare reform. In *Minnesota*, guidelines are reviewed periodically to ensure that the revenue formulas are sufficient and consistent with the state's economy and the costs of child rearing. *Colorado* and *New Jersey* also require periodic reviews of guidelines, something which is also now before the Congress.

Modification of Orders

Even when absent parents pay court-ordered amounts, children's increasing needs as they grow older may render current child support orders inadequate. Order modifications should reflect the absent parent's ability to pay support and the financial needs of the children based on current economic conditions. To address adequacy concerns, *Colorado*, *Missouri*, *New Jersey*, and *Wisconsin* have simplified the process by which parents and the state agency can modify orders. *New Jersey* systematically updates child support orders of its AFDC clients in order to offset welfare costs and promote self-sufficiency for families. In *Missouri*, administrative processes also allow the child support agency to modify child support awards in lieu of a full judicial hearing. Implementation of these expedited processes represents significant savings to the state, by reducing court costs associated with child support hearings.

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[1] Williams, Robert G., Development Guidelines for Child Support Orders, under contract with the National Center for State Courts, September 1987.

VI. HOW STATES USE REVENUES

Federal law and regulations do not dictate the use of the revenues from the child support enforcement program; there are no federal strings. Several states have used profits to improve child support collection and other social programs. These states manage federal money through the following techniques:

Reinvestment in the Program

Many states have reinvested recovered revenues into the enforcement program to further productivity. *California*, *Indiana*, and *Missouri* have harnessed this reinvestment potential, as a method to increase the quality and efficiency of the child support enforcement program. In *Pennsylvania* incentive funds have been used to increase child support enforcement staff, purchase computer systems, and create training programs. As a result of statewide training programs, local child support directors have established networks to exchange innovative enforcement techniques. *Georgia* and *Indiana* have adopted incentive programs for child support employees. (See appendix A for case study.) It may be sound policy to invest state funds in program improvement to facilitate increasing fiscal benefits later.

Missouri provides an example of how the child support program can help achieve broader state budget and policy goals. Faced with cutting AFDC grant levels in order to balance its budget, the *Missouri* legislature enhanced its child support collection agency by authorizing additional staff. Legislative budget analysts projected the required staffing levels needed to increase collections sufficiently to maintain existing monthly AFDC payments.

A child support program financing structure can be created that rewards performance and is tied to reaching objective goals. *Iowa* statutes allow the child support enforcement agency to hire additional staff, as long as collections remain twice as high as program administrative expenditures. *Utah* and several other states have variations on this same theme. This provides managers with the tools to improve collections within cost effective parameters.

Investing in Other Children and Family Programs

In *Florida* a special trust fund for children's services was established in 1987 using revenues generated from the child support program. Trust monies are spent to support children in custody of the *Florida* Department of Health and Rehabilitative Services. Investments from incentives can also be tied to projects such as:

- Strengthening programs to fight child abuse and neglect;
- Improving child care and early childhood education programs;
- Starting employment programs for AFDC families; and
- Initiating programs to prevent teen pregnancy.

State Welfare Reform Projects

Collecting child support is the cornerstone of both federal and state deliberations on welfare reform. Current federal welfare reform proposals require states to dramatically improve paternity establishment and enforcement techniques in order to promote family "self-sufficiency." Proponents of welfare reform believe that child support must first come from the parents, and only thereafter, from the community. The community, in turn, has a dual obligation to enable parents to fulfill their responsibilities through expanded educational and job training opportunities.

Many of the proposed federal welfare reform mandates actually originated from initiatives at the state level. Already, states such as *California*, *Iowa*, *Massachusetts*, *Missouri*, *New Jersey*, *New York*, *Oklahoma*, and *Washington* have embarked on welfare reform projects that focus on child support or contain it as an integral component. Resources are applied to locating absent parents, establishing paternity, and applying state performance standards. *Oklahoma* has started job training programs for unemployed absent parents to enable them to better support their children.

VII. CONCLUSION: THE LEGISLATOR'S ROLE IN CHILD SUPPORT ENFORCEMENT

State lawmakers have an impressive history of improving collections of child support. In fact, the major federal requirements currently in effect were first pioneered in the states by state lawmakers committed to the social and economic goals of child support. Today, state legislators continue that important role. Although the child support program is generally attached to the social welfare agency, legislators increasingly treat child support in the same fashion as other state revenue collection agencies. In a manner unique among social programs, child support enforcement lends itself to the structuring of program funding in a way that rewards performance. While states administer the program differently, lawmakers continue to perform two broad functions that serve to improve state systems.

Legislation

A few states have not passed all the legislation necessary for achieving compliance with federal requirements. This could result in federal sanctions against these jurisdictions and could include a loss of federal reimbursement to the state.

An increasing number of states, including *Georgia*, *Indiana*, *Iowa*, and *Wisconsin* (see case studies in Appendix A), have taken a more aggressive legislative approach. These states have enacted legislation that extends "beyond compliance" with federal statutes, in areas such as promoting family responsibility, interagency coordination, and modification of orders.

Program Evaluation and Fiscal Oversight

Known program management techniques can increase effectiveness and efficiency. States with low performance and inadequate cost effectiveness need to consider:

- Setting goals for collection and paternity establishment;
- Providing sufficient revenue and resources to operate effectively;
- Using standardized procedures;
- Developing or enhancing automation and tracking systems;

- Developing performance standards and cost controls; and
- Ensuring accountability for program performance.

An increasing number of states, including *Indiana*, *Missouri* and *Utah* have imposed certain performance standards on their child support staff. Performance indicators for staff can include, for example, the number of paternities and child support orders established, or the increase in collections per case.

The importance of continued legislative oversight of the child support enforcement program should not be understated. In recent years, legislatures have taken steps to expand oversight and program evaluations with valuable results. Not only is child support a revenue generating program, but a socially valuable one that promotes family responsibility and financial self-sufficiency.

While national child support collections totalled $3.9 billion in 1987, the program has substantially more fiscal potential. Child support is no longer solely considered to be a "welfare" program, it is a socially beneficial program that can be implemented at minimal state cost.

As demonstrated in the Appendices, performance varies considerably among states. However, state legislators have played a key role in states with the most successful programs by ensuring that child support programs have the necessary authority and resources to constantly improve collections and services.

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APPENDICES

CASE STUDIES

The following case studies illustrate the application of private enterprise practices to child support enforcement programs. Such techniques produce significant state revenues and minimize state government welfare expenditures. The *Georgia* example describes an employee incentive pay project that effected significant revenue increases. Marion County, *Indiana* represents a private enterprise approach to child support that can increase cost efficiency and profits. *Wisconsin* illustrates a comprehensive legislative initiative that dramatically improved collections.

APPENDIX A

Georgia

Georgia's incentive pay project originated with the state's Child Support Recovery Office, Department of Social Services. In 1985, the agency established a statewide child support enforcement employee task force to design a system that promotes efficient case-handling, increases child support collections, and rewards employee productivity. After a two-year planning process, two six-month pilots were conducted in the Dublin Judicial Circuit to test the incentive payment system's success. *Georgia* will implement the incentive project as a statewide six-month pilot in January 1988.

The project's principal function is to provide individual child support workers with monetary rewards for excellent performance in collecting child support, a function analogous to private enterprise profit sharing. To implement the project, the task force prompted the state personnel board to issue a limited pay regulation. No additional appropriations were required from the state's or county's general fund.

Under the project, employee teams are monetarily rewarded and publicly recognized for collection achievements beyond basic employee responsibilities. Employees receive incentives in the form of savings bonds upon attaining a specified collection goal. The established goal was a collection amount 25 percent above statewide minimums, calculated using federal regulations. Dublin was the only judicial circuit with the added incentive to increase collections over the minimum goal. As projected, only Dublin exceeded the minimum statewide goal. As illustrated in Table 1, collections increased dramatically during the pilots. In fact, workers even exceeded the project goal.

Table 1 reflects the result of the two six-month Dublin pilots.

TABLE 1

	Pilot No. 1 (June, 1986 - Jan, 1987)	Pilot No. 2 (Jan-June, 1987)
Minimum Goal..........	$315,000	$385,000
Project Goal..........	393,750	481,250
Dublin Collection.....	421,927	655,218
Federal Incentive.....	6,415	16,213

Each team member received a $500 savings bond, at an actual cost of $250. The team for pilot No. 1 collected $106,927 over its base goal in the first period. At 6 percent (minimum federal incentive) this produced $6,415 from the federal government. The cost of the incentive pay to the county was: $250 x 30% (county portion) x 7 employees = $525. The net gain for the state of *Georgia* IV-D program was $6,415 minus $525 resulting in a bottom-line earning of $5,890.

For the second period, the pilot team collected $270,218 over the minimum goal. Applying the foregoing formula, the collection efforts produced a net gain of $15,538 for the state.

Marion County, Indiana

Marion County, *Indiana*, has one of the most celebrated child support collection records in the nation. *Indiana* ranks as one of the top 10 collecting states nationally, collecting $5.22 for every $1.00 spent. In Marion County, child support enforcement services are provided by the prosecuting attorney's office. The prosecuting attorney, an elected official, approaches child support enforcement by drawing extensively on private sector techniques and capabilities. The program's principal features are: an incentive pay project, comprehensive marketing strategies, and contracting with private enterprise for certain services. The program design was intended to parallel private sector business techniques.

Approval to implement the incentive pay project came from the Marion County Council. No additional state or county funds were appropriated, nor additional staff hired to accomplish the project goal of increased collections. Initial funds came solely from the child support program's existing budget, primarily through staff attrition.

The incentive pay system financially rewards employees for increased collections and for introducing cost saving collection methods. Employee team rewards are tied to a performance based point system. To receive a reward the team, as a whole, must achieve 100 percent productivity. The 100 percent productivity means that the team has reached a point goal agreed upon by employee representatives with assistance from a management consultant.

During the 1984 fiscal year, the first year employees received incentives, Marion County increased collections by approximately $1 million. The county program's progress is illustrated in Table 2.

TABLE 2

	County Collections	Marion County's Federal Incentives	Marion County's Incentive Increase	State's Federal Incentives	State's Incentive Increase	Marion County's Portion of State Incentive	Marion County Employee Incentives
1984	$6.3 M	$575,900	- 0 -	$2,510,058	- 0 -	22 %	$ 2,000
1985	9.8 M	710,172	23 %	2,975,974	16 %	23 %	10,000
1986	14.4 M	1 million	78 %	4,583,277	55 %	28 %	20,000

Interestingly, the preceding table shows Marion County's incentives grew 23 percent from 1984 to 1985, while the state's incentive rose only 16 percent. From 1985 to 1986, the county's incentives expanded 78 percent in comparison to the state's growth of 55 percent. For the 3 years, Marion County incentives accounted for over 20 percent of Indiana's total incentives.

Marion County has also implemented a comprehensive public awareness campaign that markets child support enforcement services, just as in private enterprise. Marion County's marketing components include distribution of advertising publications, improved access to services through weekend and evening services in branch offices, and the promotion of the idea of serving applicants as clients.

Marion County's use of private contracting is reflected in the Add, Deduct and Deposit (ADD) project. Under the project, the county contracts with the Indiana National Bank for electronic transfer services. Since the bank collects child support for the county, government agencies' collection and reporting tasks are reduced considerably. The transacted information is sent directly to the court clerk and the child support agency.

The ADD system facilitates a speedy, convenient, and accurate way to disburse child support. The bank is accustomed to providing this service and it is a common commercial practice for consumers.

The incentive pay project, the ADD system, and the marketing plan have all contributed to Marion County's success in increasing child support.

Wisconsin

Wisconsin is a leader in legislative initiatives and practices for child support enforcement. An historically strong legislative base with efficient implementation has placed *Wisconsin* in the nation's top 10 collecting states. The state's more innovative child support practices include: immediate income withholding, presumptive percentage of income standards, and a cost-saving expedited process for establishing and enforcing child support obligations.

Immediate Income Withholding. *Wisconsin* was the first state to enact immediate income withholding statewide. Under the process, income is immediately withheld from an obligor's paycheck or other income source when a support order is issued and before a payment becomes late. Withholding in *Wisconsin* is binding on present or future employers.

Initially, 1983 legislation required a pilot project in 10 *Wisconsin* counties to implement immediate income withholding. In addition, 10 counties were selected as comparison counties. The state agency was directed to study the relationship between immediate withholding and increased child support collections, by comparing the counties with their own preimplementation performance and with the comparison counties.

A December 1986 report, based on the comparison data, demonstrated that, from 1984 to 1986, collections gradually increased in all pilot counties, and the increase in pilot counties exceeded the collection rate in comparison counties.

A significant variable, however, occurred during the study period, as immediate income withholding also became widely used in the comparison counties.

Percentage of Income Standards. As part of its welfare reform plan, *Wisconsin* adopted a child support assurance system, incorporating a percentage of income standard coupled with a guaranteed minimum benefit standard for children. These standards simplify the process of calculating support and contribute to uniformity.

In 1983 the state legislature authorized these shared income standards to calculate child support awards. Instead of tying support levels solely to costs of child rearing, the standards emphasize the child's right to share in the income of the parent. This approach affects higher income parents particularly. At the lower end of the income scale, support is supplemented by AFDC, if necessary, to reach a basic minimum standard determined by the state. The standards are based on the parent's gross income, plus any available assets. Under the formula, a non-custodial parent pays 17 percent of his gross income to child support for one child, 25 percent for two children, 29 percent for three, 31 percent for four, and 35 percent for five or more children.

Although the courts were not required to consider the standard in setting awards, a 1984 survey of family court commissioners revealed that only 17 percent of the judges and commissioners used the standards in entering support orders. A 1985 survey disclosed that the standards were being used in 38 percent of new cases by judges and family court commissioners. In 1987, the legislature required that standards be used in all new cases unless the court gives a written reason for deviation.

The *Wisconsin* legislature also enacted an expedited process for child support enforcement. Attorneys, as family court commissioners, have the statutory authority to issue and enforce temporary support orders, and to conduct pre-trial proceedings, including uncontested paternity cases. The commissioners make recommendations, based on facts, law, and regulations to the courts. They also draft orders for the court's approval.

Significantly, the expedited process, in addition to eliminating judicial backlog, saves the state money, because commissioners' salaries are eligible for federal reimbursement, while judges' salaries are not.

APPENDIX B

AFDC COST-EFFECTIVENESS: 1987

STATE	TOTAL AFDC COLLECTIONS (1)	ADMINISTRATIVE COSTS (2)	AFDC COST-EFFECTIVENESS RATIOS (3)	RANK (4)
NEW ENGLAND				
Connecticut	$26,403,084	$19,681,612	1.34	23
Maine	15,557,155	5,985,799	2.60	3
Massachusetts	53,962,012	37,830,862	1.43	19
New Hampshire	2,744,294	3,291,792	0.83	44
Rhode Island	6,156,600	3,569,196	1.72	11
Vermont	4,183,423	1,956,446	2.14	7
MIDDLE ATLANTIC				
Delaware	4,149,850	4,519,330	0.92	40
Maryland	31,082,685	32,384,128	0.96	36
New Jersey	58,889,537	44,046,461	1.34	24
New York	102,114,990	137,481,285	0.74	47
Pennsylvania	77,882,972	60,841,781	1.28	25
GREAT LAKES				
Illinois	38,705,455	35,745,945	1.08	32
Indiana	37,775,430	11,600,727	3.26	2
Michigan	127,507,783	55,922,551	2.28	5
Ohio	66,866,267	31,992,965	2.09	8
Wisconsin	57,467,606	24,958,922	2.30	4
PLAINS				
Iowa	28,184,243	7,924,846	3.56	1
Kansas	12,155,289	8,609,019	1.41	20
Minnesota	35,821,838	22,655,778	1.58	16
Missouri	23,525,046	15,811,116	1.49	18
Nebraska	6,160,057	7,241,703	0.85	42
North Dakota	3,516,807	2,070,990	1.70	12
South Dakota	2,966,231	2,117,822	1.40	21
SOUTHEAST				
Alabama	15,050,432	14,877,783	1.01	33
Arkansas	8,770,872	5,532,430	1.59	15
Florida	33,510,657	41,475,933	0.81	45
Georgia	25,243,706	15,199,503	1.66	13
Kentucky	11,675,995	12,532,888	0.93	39
Louisiana	15,797,526	17,586,827	0.90	41
Mississippi	7,599,410	4,589,992	1.66	14
North Carolina	33,248,507	18,234,306	1.82	10
South Carolina	13,218,107	11,149,681	1.19	27
Tennessee	12,085,915	12,507,346	0.97	35
Virginia	15,536,171	26,362,988	0.59	50
West Virginia	5,647,346	4,869,974	1.16	28
SOUTHWEST				
Arizona	$4,805,262	$9,095,902	0.53	52
New Mexico	4,120,469	4,347,308	0.95	37
Oklahoma	7,142,891	7,384,227	0.97	34
Texas	19,703,399	23,521,723	0.84	43
ROCKY MOUNTAIN				
Colorado	11,154,781	11,805,585	0.94	38
Idaho	5,033,522	3,321,369	1.52	17
Montana	3,364,698	1,684,680	2.00	9
Utah	11,733,296	10,378,603	1.13	29
Wyoming	1,489,480	696,406	2.14	6
FAR WEST				
Alaska	4,241,740	5,625,204	0.75	46
California	198,151,938	156,472,222	1.27	26
Hawaii	5,698,027	5,156,678	1.10	31
Nevada	2,672,528	4,285,468	0.62	49
Oregon	14,744,313	13,267,439	1.11	30
Washington	38,429,162	28,292,[illegible]82	1.36	22
OTHER JURISDICTIONS				
Dist. of Columbia	2,912,286	5,484,726	0.53	51
Guam	299,315	410,561	0.73	48
Puerto Rico	1,803,360	3,494,978	0.52	53
Virgin Islands	242,789	861,250	0.28	54
NATIONWIDE TOTALS	1,358,906,554	1,058,747,538	1.28 (mean)	

* * * * * * * * * * * * * * * * * *

(1) Total Collections made on behalf of AFDC and foster care families.

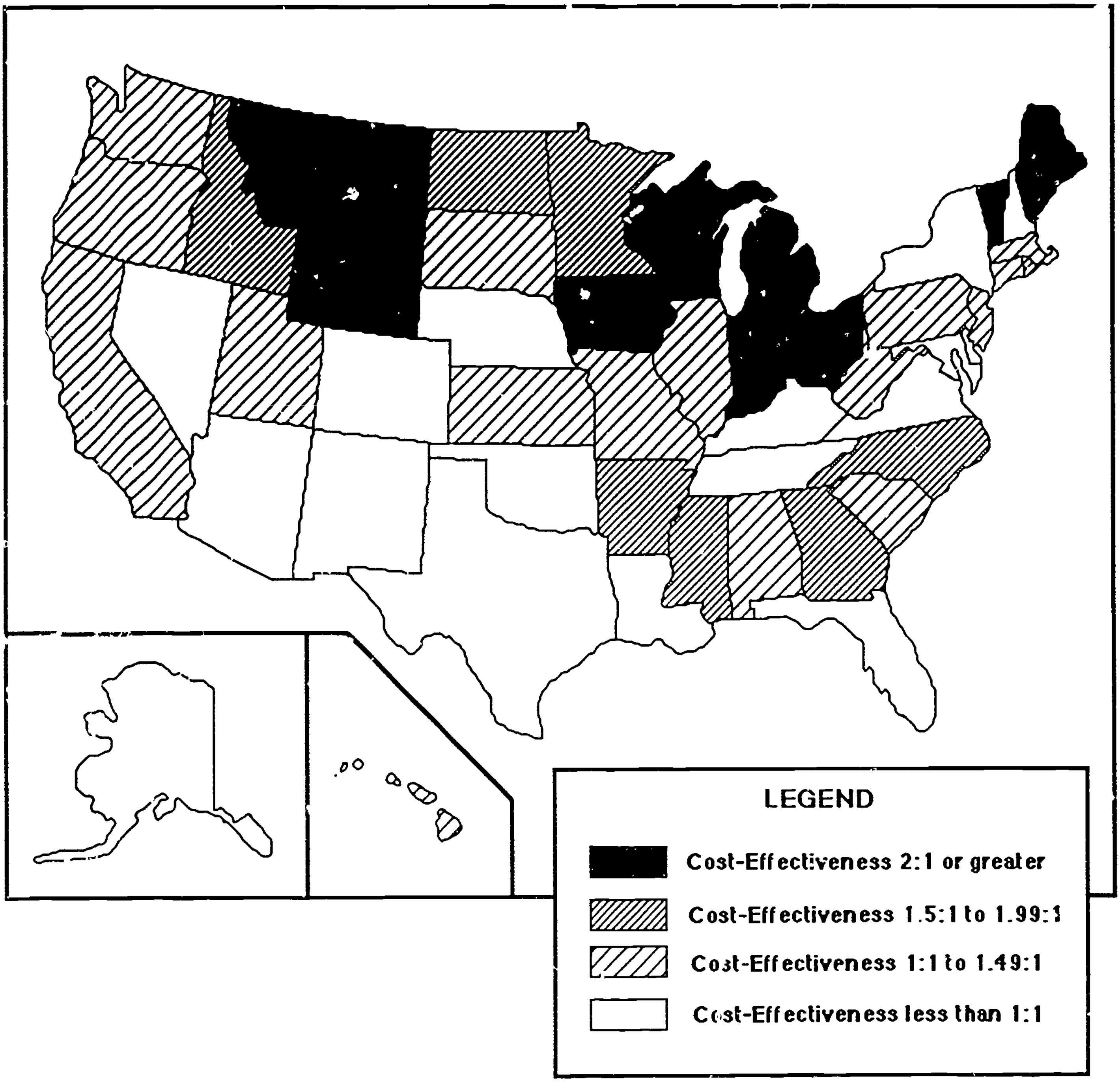
(2) Administrative Costs include all child support enforcement expenditures eligible for federal funding.

(3) Cost-Effectiveness Ratios represent AFDC collections made for every dollar of total program administrative expense (Column 1 divided by Column 2).

(4) State's AFDC cost-effectiveness ranking -- out of 54 jurisdictions.

STATE AFDC COST-EFFECTIVENESS MAP

This graphic displays the AFDC collection to cost ratios (total AFDC and foster care collections per dollar of administrative expense) of the fifty states as calculated in Appendix B.



APPENDIX D

STATE PROGRAM SAVINGS: 1987

STATE	STATE SHARE OF COLLECTIONS (1)	FEDERAL INCENTIVE PAYMENTS	STATE SHARE OF COSTS (2)	STATE SHARE OF SAVINGS (3)
NEW ENGLAND				
Connecticut	$11,587,253	$3,530,000	$5,421,664	$9,695,589
Maine	2,905,430	1,692,000	1,795,739	2,801,691
Massachusetts	21,495,121	7,980,000	11,347,080	18,128,041
New Hampshire	1,042,741	372,000	987,491	427,250
Rhode Island	2,110,075	1,001,000	1,075,690	2,035,385
Vermont	1,053,941	504,000	574,814	983,127
MIDDLE ATLANTIC				
Delaware	1,667,926	654,000	1,239,070	1,082,856
Maryland	13,687,395	4,502,000	9,724,303	8,465,092
New Jersey	22,885,926	7,526,000	12,291,728	18,120,198
New York	40,216,790	10,536,000	39,841,142	10,911,648
Pennsylvania	24,537,998	9,166,000	18,754,127	14,949,871
GREAT LAKES				
Illinois	15,492,128	5,672,000	10,468,131	10,695,997
Indiana	11,461,962	5,830,000	3,506,933	13,785,029
Michigan	46,013,691	25,336,000	16,929,111	54,420,580
Ohio	20,662,650	8,850,000	10,063,391	19,449,259
Wisconsin	19,309,041	9,888,000	7,158,752	22,038,289
PLAINS				
Iowa	9,339,536	3,493,000	2,120,959	10,711,577
Kansas	4,755,151	1,623,750	2,557,480	3,821,421
Minnesota	13,799,565	5,548,204	6,706,016	12,641,753
Missouri	7,501,013	2,796,000	4,779,925	5,517,088
Nebraska	2,065,654	842,000	2,160,571	747,083
North Dakota	980,489	339,000	621,297	698,192
South Dakota	729,095	375,000	596,294	507,801
SOUTHEAST				
Alabama	2,987,783	1,800,000	4,464,984	302,799
Arkansas	1,604,974	1,052,000	1,646,615	1,010,359
Florida	11,723,406	4,936,000	12,413,986	4,245,420
Georgia	6,695,626	2,611,000	4,568,749	4,737,877
Kentucky	2,471,994	1,550,000	3,703,156	318,838
Louisiana	3,704,095	1,808,000	5,274,972	237,123
Mississippi	560,795	853,000	1,377,515	36,280
North Carolina	980,489	339,000	621,297	698,192
South Carolina	2,516,650	1,800,000	3,148,077	1,168,573
Tennessee	2,300,730	1,408,000	3,820,824	112,094
Virginia	5,241,574	2,096,000	6,816,504	521,070
West Virginia	1,223,261	363,000	1,460,806	125,455

STATE	STATE SHARE OF COLLECTIONS (1)	FEDERAL INCENTIVE PAYMENTS	STATE SHARE OF COSTS (2)	STATE SHARE OF SAVINGS (3)
SOUTHWEST				
Arizona	$2,009,197	$780,000	$2,775,551	$3,646
New Mexico	1,012,804	517,000	1,206,194	323,610
Oklahoma	2,362,519	866,000	2,062,128	1,166,391
Texas	7,000,221	2,940,000	7,069,466	2,870,755
ROCKY MOUNTAIN				
Colorado	4,718,507	1,685,000	3,254,697	3,148,810
Idaho	1,262,795	806,000	976,488	1,092,307
Montana	937,896	295,000	505,408	727,488
Utah	2,804,950	1,446,000	3,113,581	1,137,369
Wyoming	555,573	170,000	204,255	520,718
FAR WEST				
Alaska	1,851,031	432,000	1,699,483	583,548
California	34,665,202	23,344,000	47,198,972	60,810,230
Hawaii	2,302,842	750,000	1,558,866	1,493,976
Nevada	933,039	482,000	1,291,644	123,395
Oregon	4,561,636	2,168,000	4,017,578	2,712,058
Washington	16,072,704	4,504,000	8,512,128	12,064,576
OTHER JURISDICTIONS				
Dist. of Columbia	1,137,299	486,000	1,637,143	-13,844
Guam	59,300	30,000	123,161	-33,861
Puerto Rico	182,070	270,000	1,058,694	-606,624
Virgin Islands	41,031	30,000	258,605	-187,574
NATIONWIDE TOTALS	478,224,199	184,515,954	313,413,753	349,326,400

* * * * * * * * * * * * * * * * *

(1) The State Share of Collections is the portion of AFDC collections that is kept by the state (or local government) as reimbursement for their share of assistance payments under the AFDC program.

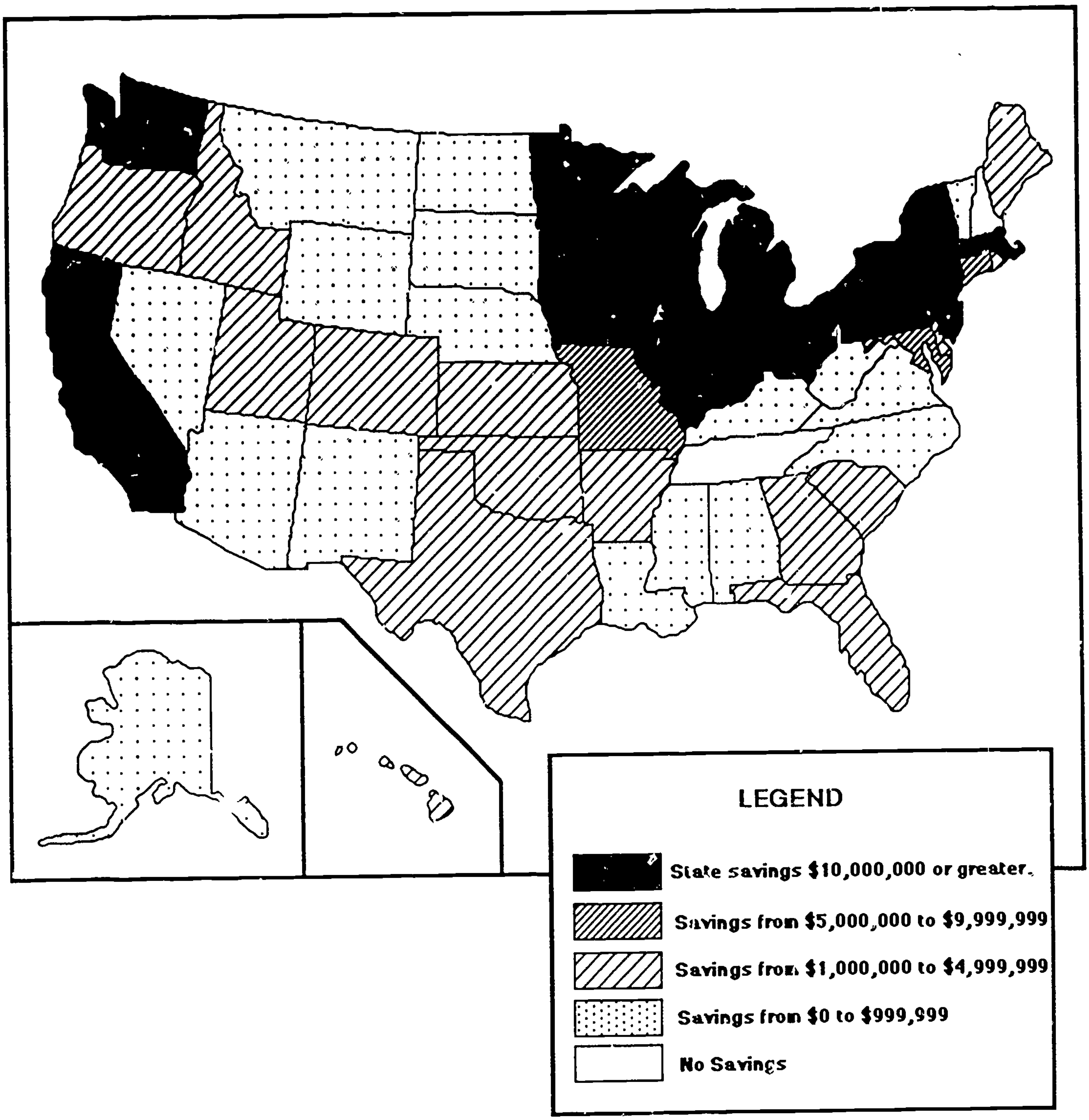
(2) The State (or non-federal) Share of Administrative Costs is the difference between total administrative costs and the percentage of costs paid by the federal government.

(3) State (and local government) savings are determined by adding the State Share of Collections to Federal Incentive Payments and subtracting the State Share of Administrative Costs. A negative figure in this column is an indication that the state is losing money, rather than saving money, on child support enforcement.

APPENDIX E

STATE PROGRAM SAVINGS MAP

This graphic displays the State Share of Savings
as calculated in Appendix D.



APPENDIX F

TOTAL COLLECTIONS PER FULL-TIME IV-D STAFF: FY 1986

STATE	TOTAL COLLECTIONS	IV-D STAFF	COLLECTIONS PER FTE	RANK
NEW ENGLAND				
Connecticut	$54,477,843	399	$136,536	11
Maine	17,730,925	166	106,813	18
Massachusetts	109,311,877	641	170,533	7
New Hampshire	14,203,324	79	179,789	6
Rhode Island	10,465,640	82	127,630	13
Vermont	4,636,127	51	90,904	29
MIDDLE ATLANTIC				
Delaware	$12,232,426	117	$104,551	20
Dist. of Columbia	5,185,204	127	40,828	51
Maryland	95,737,230	973	98,394	23
New Jersey	229,569,847	1,628	141,013	9
New York	221,953,254	2,961	74,959	[illegible]
Pennsylvania	414,802,238	1,507	275,250	2
GREAT LAKES				
Illinois	$72,647,003	936	$77,614	36
Indiana	47,012,100	378	124,371	14
Michigan	424 646,890	934	454,654	1
Ohio	124,745,074	1,118	111,579	17
Wisconsin	121.260,436	587	206,577	3
PLAINS				
Iowa	$40,558,077	215	$188,642	5
Kansas	16,416,299	280	58,630	43
Minnesota	68,888,654	579	118,979	15
Missouri	54,997,549	521	105,562	19
Nebraska	34,205,938	176	194,352	4
North Dakota	4,665,213	56	83,307	32
South Dakota	4,473,375	59	75,820	38
SOUTHEAST				
Alabama	$32,499,194	334	$97,303	24
Arkansas	14,864,989	220	67,568	42
Florida	63,135,065	1,243	50,793	48
Georgia	35,275,537	441	79,990	34
Kentucky	27,956,878	407	68,690	40
Louisiana	39,932,055	771	51,793	46
Mississippi	11,797,976	225	52,435	45
North Carolina	55,380,798	592	93,549	28
South Carolina	21,756,262	191	113,907	16
Tennessee	31,390,050	334	93,982	27
Virginia	24,610,100	482	51,058	47
West Virginia	5.701,173	123	46,351	49
SOUTHWEST				
Arizona	$13,730,287	298	$46,075	50
New Mexico	7,978,097	96	83,105	33
Oklahoma	12,976,708	189	68,660	41
Texas	43,208.591	505	85,562	31
ROCKY MOUNTAIN				
Colorado	$19,055,469	343	$55,555	44
Idaho	10,954,139	79	138,660	10
Montana	4,631,403	49	94,518	26
Utah	22,316,307	258	86,497	30
Wyoming	2,510,750	25	100,430	22
FAR WEST				
Alaska	$12,831,794	86	$149,207	8
California	336,568,702	3,514	95,779	25
Hawaii	11,790,804	148	79,668	35
Nevada	8,976,780	116	77,386	37
Oregon	49,150,249	370	132,839	12
Washington	61,151,399	597	102,431	21
NATIONWIDE	$3,186,954,699	26,706	$119,335	

Note: This chart excludes Guam, Puerto Rico, and the Virgin Islands.

APPENDIX G

CHILD SUPPORT CASELOAD PER FULL-TIME IV-D STAFF: FY 1986

STATE	IV-D CASELOAD	IV-D STAFF	CASELOAD PER FTE	RANK
NEW ENGLAND				
Connecticut	87,660	399	220	44
Maine	41,762	166	252	41
Massachusetts	121,647	641	190	48
New Hampshire	23,408	79	296	32
Rhode Island	46,649	82	569	11
Vermont	13,441	51	264	38
MIDDLE ATLANTIC				
Delaware	19,480	117	166	49
Dist. of Columbia	53,725	127	418	20
Maryland	195,336	973	201	47
New Jersey	335,154	1,628	206	45
New York	431,549	2,961	146	50
Pennsylvania	670,736	1,607	417	21
GREAT LAKES				
Illinois	662,667	936	708	5
Indiana	251,750	378	666	7
Michigan	760,394	934	814	2
Ohio	569,976	1,118	510	15
Wisconsin	210,289	587	358	23
PLAINS				
Iowa	76,981	215	358	24
Kansas	81,014	280	289	33
Minnesota	117,252	579	203	46
Missouri	143,849	521	276	36
Nebraska	48,841	176	278	35
North Dakota	14,560	56	260	39
South Dakota	20,188	59	342	26
SOUTHEAST				
Alabama	175,621	334	526	14
Arkansas	62,978	220	286	34
Florida	407,764	1,243	328	37
Georgia	263,753	441	598	9
Kentucky	228,677	407	562	12
Louisiana	178,712	771	232	42
Mississippi	107,913	225	480	17
North Carolina	190,738	592	322	28
South Carolina	119,964	191	628	8
Tennessee	195,830	334	586	10
Virginia	326,182	482	677	6
West Virginia	61,857	123	123	16

STATE	IV-D CASELOAD	IV-D STAFF	CASELOAD PER FTE	RANK
SOUTHWEST				
Arizona	88,757	298	298	31
New Mexico	75,649	96	788	3
Oklahoma	221,057	189	1,170	1
Texas	233,582	505	463	18
ROCKY MOUNTAIN				
Colorado	188,612	343	550	13
Idaho	30,027	79	380	22
Montana	36,588	49	747	4
Utah	37,584	258	146	51
Wyoming	11,359	25	454	19
FAR WEST				
Alaska	26,793	86	312	29
California	939,323	3,514	257	37
Hawaii	37,570	148	254	40
Nevada	26,600	116	229	43
Oregon	129,161	370	370	25
Washington	182,282	597	305	30
NATIONWIDE	9,582,641	26,706	359	

Note: This chart excludes Guam, Puerto Rico, and the Virgin Islands. States are rank ordered from most cases per FTE to least cases per FTE. Therefore the lower ranked states have the least cases per child support worker.

APPENDIX H

AFDC CASELOAD PER FULL-TIME AFDC STAFF: FY 1986

STATE	AFDC CASELOAD	AFDC STAFF	CASELOAD PER FTE	RANK
NEW ENGLAND				
Connecticut	40,318	497	81	16
Maine	20,078	179	112	6
Massachusetts	87,341	1,500	58	32
New Hampshire	4,966	159	31	50
Rhode Island	16,035	280	57	33
Vermont	7,629	121	63	28
MIDDLE ATLANTIC				
Delaware	8,218	161	51	38
Dist. of Columbia	21,325	549	39	48
Maryland	69,541	1,037	67	25
New Jersey	121,278	2,435	50	39
New York	368,361	9,700	38	49
Pennsylvania	190,816	3,507	54	35
GREAT LAKES				
Illinois	241,349	2,441	99	8
Indiana	55,693	1,170	48	42
Michigan	220,191	3,164	70	23
Ohio	227,315	2,464	92	11
Wisconsin	98,616	649	152	2
PLAINS				
Iowa	40,804	425	96	10
Kansas	23,355	334	70	21
Minnesota	53,756	680	79	17
Missouri	66,514	935	71	19
Nebraska	16,142	253	64	27
North Dakota	4,843	59	82	15
South Dakota	6,161	129	48	41
SOUTHEAST				
Alabama	50,091	578	87	12
Arkansas	22,553	344	66	26
Florida	97,383	2,168	45	43
Georgia	83,902	1,186	71	20
Kentucky	60,190	620	97	9
Louisiana	80,249	1.160	69	24
Mississippi	53,334	294	181	1
North Carolina	66,864	1,243	54	36
South Carolina	46,116	660	70	22
Tennessee	59,080	710	83	14
Virginia	58,500	1,100	53	37
West Virginia	36,514	304	120	4

STATE	AFDC CASELOAD	AFDC STAFF	CASELOAD PER FTE	RANK
SOUTHWEST				
Arizona	26,048	235	111	7
New Mexico	18,104	366	49	40
Oklahoma	30,223	1,032	29	51
Texas	136,333	1,168	117	5
ROCKY MOUNTAIN				
Colorado	29,138	480	61	30
Idaho	6,330	154	41	47
Montana	8,840	201	44	46
Utah	13,384	302	44	45
Wyoming	4,001	90	44	44
FAR WEST				
Alaska	6,799	110	62	29
California	564,645	6,586	86	13
Hawaii	15,177	126	120	3
Nevada	5,471	98	56	34
Oregon	30,359	520	58	31
Washington	70,687	950	74	18
NATIONWIDE	3,690,960	55.513	66	

Note: This chart excludes Guam, Puerto Rico, and the Virgin Islands. States are rank ordered from most cases per FTE to least cases per FTE. Therefore the lower ranked states have the least cases per AFDC worker.

APPENDIX I

CHILD SUPPORT FINANCE GUIDE

This guide will enable you to calculate, on a gross basis, your state's child support incentives and share of savings. Before beginning, fill in spaces A through E below with the appropriate information from your state's child support enforcement program.

A. AFDC Child Support Collections	$ ________
B. Federal Share of AFDC Payments	________ %
C. Non-AFDC Child Support Collections	$ ________
D. Total Child Support Program Expenditures	$ ________
E. Federal Financial Participation rate (FFP)	________ %

Step One: Distribution of AFDC Collections

F. Collections for Distribution (enter amount from Line A) $ ________

G. Federal share of AFDC Collections (multiply Line B times Line F) $ ________

H. State (and local) share of AFDC Collections (subtract Line G from Line F) $ ________

Step Two: Calculate AFDC-based Incentive Payments

I. AFDC Collection to Cost Ratio (divide Line A by Line D) ________

J. Using Line I and the table below, enter the incentive percentage your state will receive ________ %

K. AFDC-based Incentives (multiply Line A times Line J) $ ________

INCENTIVE STRUCTURE

Collection to Cost Ratio	Incentive Received
less than 1.4 to 1	6%
at least 1.4 to 1	6.5%
at least 1.6 to 1	7%
at least 1.8 to 1	7.5%
at least 2.0 to 1	8%
at least 2.2 to 1	8.5%
at least 2.4 to 1	9%
at least 2.6 to 1	9.5%
at least 2.8 to 1	10%

Step Three: Calculate Non-AFDC Based Incentive Payments

L. Non-AFDC Collection to Cost Ratio (divide Line C by Line D) ________

M. Using Line L and the table on the previous page, enter the incentive percentage your state will receive ________ %

N. Multiply Line C times Line M $ ________

O. Non-AFDC Incentive Cap (Multiply Line K times 105% for Fiscal Year 1988) $ ________

P. **Non-AFDC Incentives (If Line O is less than Line N, enter Line O, otherwise, enter Line N)** $ ________

Step Four: Financing the Expenditures

Q. Federal Share of Expenditures (Multiply Line D times Line E) $ ________

R. **State (and local) Share of Expenditures (Subtract Line Q from Line D)** $ ________

Step Five: Calculating State Savings

S. **State (and local) Revenue from Child Support Enforcement (Add Lines H, K, and P)** $ ________

T. **State (and local) Share of Savings (Subtract Line R from Line S)** $ ________

Note: Calculations are a rough approximation. To be more precise, value of the $50 disregard must be subtracted from AFDC collections before distribution of the government shares. Double crediting of interstate collections and adjustment of expenditures for laboratory blood testing costs also have to be taken into account.

APPENDIX J

GLOSSARY OF CHILD SUPPORT ENFORCEMENT TERMS

Administrative expenditures -	the total cost of administering a child support program excluding the amount of fees collected for processing non-welfare cases.
Administrative process -	a statutory system granting authority to an executive agency to determine, through adjudication, child support duties, and to establish and enforce child support orders.
Aid to Families with - Dependent Children (AFDC)	a category of public assistance paid on behalf of children who are deprived of one or both of their parents by reason of death, disability, or continued absence (including desertion) from the home.
Arrearage -	the total unpaid support obligation owed by a responsible person.
Child support order -	legal obligation of responsibility to pay child support established by order of a court of competent jurisdiction or by other process established by state laws which is enforceable by the ordering agency.
Cooperative agreements -	contracts between state or local child support enforcement agencies and courts or law enforcement officials to improve child support enforcement.
Federal tax refund offset -	money intercepted from a parent's federal income tax refund and transferred to the state to be applied to his child support arrearage.
Foster care program -	Title IV-E of the Social Security Act mandating states to provide out-of-home placement for children.
Garnishment -	a legal proceeding whereby a person's property, money or credit in the possession of or under the control of a third person is withheld and applied to the payment of his debt.
Incentive payments -	federal payments to states to reward cost-effectiveness in AFDC and non-AFDC collections.
Income withholding -	a support enforcement technique which requires an employer to withhold money from a parent's income and transfer the money to the designated state agency to be applied to the child support debt.

IV-D - the child support enforcement provisions found under Title IV-D of the Social Security Act.

Medicaid - a federally-aided, state-administered, medical insurance program under Title XIX of the Social Security Act. Available to recipients of AFDC and other medically needy people.

Non-AFDC client - an individual not receiving public assistance (AFDC) who has made application for child support enforcement services.

Parent locator service - absent parent location services provided by state and local child support enforcement agencies, often in concert with the federal government. Location is frequently accomplished through automated access to government records including automobile registration, social security, and tax records.

Paternity establishment - an action to legally determine the parentage of a child born out of wedlock.

Wage assignment - see income withholding.

SPECIAL FUNDS AVAILABLE FOR TECHNICAL ASSISTANCE

State child support enforcement programs ensure that parents honor their financial obligations to their children. The Child Support Enforcement Project of the National Conference of State Legislatures (NCSL) currently has funds available to conduct on-site technical assistance to aid state legislators in a variety of areas for assessing problems and identifying solutions to improve their state programs, including help with assessing program activities, drafting legislation, and developing workshops geared to the particular needs of the state. Funds are available, upon approval of the Office of Child Support Enforcement, to facilitate these activities by providing experts from other states--legislators, academics, and prominent individuals from the private sector. Project staff are pleased to work with you on these activities to assist your state in designing a program tailored to your state's specific needs.

If you are interested in more information, or would like to request on-site assistance from our staff, please contact Laura Loyacono, Project Manager, Child Support Enforcement Project, at the National Conference of State Legislatures, 1050 Seventeenth Street, Suite 2100, Denver, Colorado 80265, 303/623-7800.

National Conference of State Legislatures Children, Youth, and Families Program

The Children, Youth, and Families Program of the National Conference of State Legislatures is designed to meet the needs of state legislatures in developing policy and programs related to children and families. The following services are available at no cost to legislators and staff:

- o information clearinghouse
- o research assistance
- o publications
- o technical assistance

Technical assistance includes testimony at committee hearings, briefing sessions for state legislators and their staffs, and bill drafting and analysis. Resources and expertise are provided by NCSL staff, national experts, and legislators.

Project Areas

Child Care/Early Childhood Education. Funded by the Carnegie Corporation of New York, the project facilitates coordinated policymaking between legislators who work on child care issues in human services committees and those who work on education issues in education committees. The project assists state legislators in developing coordinated programs to meet child care and early education needs. Technical assistance is a major project commitment, including: planning and strategizing meetings with legislators, legislative staff, and professionals in the public and private sector; on-site delivery of assistance through hearings, briefings, workshops, or seminars; and evaluation meetings.

Child Support Enforcement. With the growing number of single-parent families, state and federal laws protecting these families' rights in establishment of paternity, child support orders, and enforcement of support are important public policy considerations. The project, under contract with the federal Office of Child Support Enforcement, assists lawmakers in developing child support public policy, including: program analysis, assistance in interpreting and drafting laws per federal compliance issues; and assessing inter- and intrastate child support enforcement, and paternity establishment legislation.

Child Welfare. Through a grant from the Edna McConnell Clark Foundation, the Child Welfare Project assists state legislators in improving state child welfare systems. State child welfare systems are the primary means by which states meet the needs of abused and neglected children. Foster care or out-of-home placement is the most expensive form of child welfare service and the most traumatic for the child. With the recent explosion of abuse and neglect reports, state child welfare systems are experiencing enormous stress. Consequently, many states are exploring service alternatives. Services to prevent out-of-home care, to reunify families, and to provide adoption and other placement alternatives have become major components of the child welfare system. Technical assistance is available to legislators in a variety of areas to improve services, to assist states in complying with the federal Adoption Assistance and Child Welfare Act (P.L. 96-272), and to evaluate administration and financing mechanisms.

Teen Pregnancy. The Teenage Pregnancy Project, funded by the Ford Foundation, provides state legislators and legislative staff with information and resources from state experience related to teenage pregnancy and parenting. Major project activities are to provide on-site technical assistance to three states each year produce three publications annually, operate an information clearinghouse, participate in a national advisory committee, and contribute to the NCSL Annual Meeting.

For more information, call or write Shelley Smith, Program Manager, Children, Youth, and Families Program, National Conference of State Legislatures, 1050 Seventeenth Street, Suite 2100, Denver, Colorado 80265, (303) 623-7800

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